



Current Federal Tax Developments

July 17, 2023

Kaplan Financial Education

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This Week We Look At:

IRS extends SECURE Act inherited IRA RMD relief for one additional year, adds special rollover rule for those born in 1951 due to SECURE 2.0 Act changes

IRS grants relief to victims of Vermont flooding.

Failure to attach simple election leads to requesting (and paying for) 11 separate private letter rulings

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<https://www.currentfederaltaxdevelopments.com>





IRS Releases Extension of 2022 IRA RMD Relief and Adds Additional SECURE 2.0 Act Relief



Photo by [Max Harlynking](#) on [Unsplash](#)

- Notice 2023-54. July 14, 2023
 - SECURE Act (the first one) passed in December of 2019
 - Made changes to required distributions from inherited IRAs to restrict the use of “stretch” IRAs
 - Provided inherited IRAs had to, for the most part, be fully distributed by the end of the 10th year following the year the holder passed away

<https://www.currentfederaltaxdevelopments.com/blog/2023/7/14/irs-defers-proposed-regulation-rmd-requirements-by-at-least-one-year-provides-temporary-rollover-relief-to-those-born-in-1951>



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Photo by [Max Harlynking](#) on [Unsplash](#)

- Notice 2023-54. July 14, 2023
 - Many assumed that the 10 year rule totally displaced the lifetime distribution requirement for accounts in pay status unless the individual inheriting it was an eligible designated beneficiary
 - That is, if you inherited an IRA account from your 76 year old father, you could keep all funds in the account until end of the 10th year

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- Notice 2023-54. July 14, 2023
- IRS issued proposed regulations on SECURE Act RMDs in February 2022
 - Provided that if the account was in pay status the new beneficiary still had to take life expectancy distributions in years 1-9
 - In year 10 any remaining balance had to be distributed
 - Note this would have applied to 2021 distributions for those who received IRA from someone who died in 2020

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- Notice 2023-54. July 14, 2023
 - In response to many comments, the IRS released Notice 2022-53 in the fall of 2022
 - Waived penalties for failing to take these life expectancy distributions for inherited IRAs for 2021 and 2022
 - Stated proposed regulation rules would take effect *no earlier than* 2023 (not that they would apply in 2023, despite articles to the contrary that appeared)

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- Notice 2023-54. July 14, 2023
 - Now have released a new notice that
 - Grants the same penalty and plan qualification relief for 2023 distributions
 - States now that proposed regulations rule will take effect *no earlier than* 2024
 - Also provides relief for those that inherited an IRA (2nd level inheritance) from a designated eligible beneficiary who died in 2020, 2021, 2022

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- Notice 2023-54. July 14, 2023
 - Separate relief for those who were born in 1951
 - Under SECURE Act rules would have been notified that had to take RMDs beginning with 2023 tax year
 - SECURE 2.0, passed in late 2022, pushed their age for determining the required beginning date to age 73 from 72
 - But may have scheduled payments to be made thinking 72 was still the year

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IRS Releases Extension of 2022 IRA RMD Relief and Adds Additional SECURE 2.0 Act Relief



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- Notice 2023-54. July 14, 2023
 - Separate relief for those who were born in 1951
 - Will allow those born in 1951 who took payments that would have qualified as RMDs prior to July 31, 2023 to roll them over by September 30, 2023
 - Applies even if had prior rollover in preceding 12 months
 - But cannot make another rollover in the subsequent 12 month period

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IRS Grants Relief to Those Impacted by Vermont Flooding



Photo by [Kelly Sikkema](#) on [Unsplash](#)

- “IRS: Vermont flooding victims now eligible for tax relief; Oct. 16 deadline, other dates extended to Nov. 15,” IR-2023-125, July 13, 2023
 - Relief for 14 counties in Vermont impacted by floods
 - Covers deadlines running from July 9, 2023 to November 15, 2023
 - Generally extends so that filings and payments made by November 15, 2023 originally due between those dates will be deemed timely

<https://www.currentfederaltaxdevelopments.com/blog/2023/7/14/irs-grants-relief-to-taxpayers-impacted-by-vermont-flooding>



IRS Grants Relief to Those Impacted by Vermont Flooding



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- “IRS: Vermont flooding victims now eligible for tax relief; Oct. 16 deadline, other dates extended to Nov. 15,” IR-2023-125, July 13, 2023
- Impacted returns include:
 - 1040s anon extension to October 15
 - Estimates due on September 15
 - Payroll and excise tax returns due on July 31 and October 15
 - Calendar year 1120, 1120S and 1065 returns on extension

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IRS Grants Relief to Those Impacted by Vermont Flooding



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- “IRS: Vermont flooding victims now eligible for tax relief; Oct. 16 deadline, other dates extended to Nov. 15,” IR-2023-125, July 13, 2023
- Also relief for payroll and excise tax deposits due between July 9 and July 25 will be treated as timely deposited if deposited by July 25
- IRS will identify affected taxpayers by addresses, though give information about contacts if that doesn’t
- Those with records in the area can also request relief

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Failure to Attach Simple Election by Preparer Leads to 11 Separate PLRs for Opting Out of Bonus Depreciation



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- PLR 202328007, July 14, 2023
 - This ruling is one of 11 separate rulings issued this week that are virtually identical
 - Under IRC §168(k)(7) can opt to elect out of bonus depreciation on a class-by-class basis
 - Reg. §1.168(k)-2(f)(1)(iii)(B) provides the method to be used to make this election
 - Provides that the taxpayer must use the method described in the instructions to Form 4562 each year

<https://www.currentfederaltaxdevelopments.com/blog/2023/7/14/eleven-plrs-filing-s-triggered-by-failure-to-attach-simple-election-to-return>



Failure to Attach Simple Election by Preparer Leads to 11 Separate PLRs for Opting Out of Bonus Depreciation



Photo by [krakenimages](#) on [Unsplash](#)

- PLR 202328007, July 14, 2023
 - Form 4562 instructions provide must attach a statement indicating:
 - The class(es) of property for which an election is being made and
 - Statement not going to claim the special depreciation allowance
 - Must be made on a timely filed return, including extensions

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Failure to Attach Simple Election by Preparer Leads to 11 Separate PLRs for Opting Out of Bonus Depreciation



Photo by [krakenimages](#) on [Unsplash](#)

- PLR 202328007, July 14, 2023
 - In this case
 - Business planned to opt-out for certain classes
 - Computing depreciation without using bonus depreciation on property acquired during the year but
 - Failed to attach the required statement

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Failure to Attach Simple Election by Preparer Leads to 11 Separate PLRs for Opting Out of Bonus Depreciation



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- PLR 202328007, July 14, 2023
 - Requested relief from the IRS for each return
 - Because IRS set the due date, have the authority to grant relief and look to Reg. §301.9100-2 for such relief
 - But can only get this relief via the private letter ruling process
 - No real hindsight being used, so IRS did grant relief for each ruling request

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